

Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

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FM AMCONSUL KARACHI

TO SECSTATE WASHDC 7725

INFO AMEMBASSY ANKARA

AMCONSUL BOMBAY

AMEMBASSY ISLAMABAD

AMEMBASSY KABUL

AMCONSUL LAHORE

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ANKARA FOR REGIONAL LABOR ATTACHE

E.O. 11652: N/A

TAGS: ETRN, PK

SUBJECT: KARACHI PORT CONGESTION SOMEWHAT LESSENERD

REF: KARACHI 2263

BEGIN SUMMARY: DURING SIX WEEKS SINCE SUBMISSION LAST
REPORT ON KARACHI PORT CONDITIONS (REFTEL) SOME LESSENERD
OF CONGESTION HAS BEEN EVIDENCED. LABOR INDISCIPLINE MAY
ALSO HAVE DIMINISHED SOMEWHAT BUT WIDESPREAD FEATHER-
BEDDING CONTINUES AND PROSPECTS FOR SETTING ANY MEANING-
FUL TONNAGE NORMS FOR STEVEDORING GANGS IS STILL FAR OFF.
PILING UP OF UNDELIVERED CARGO ON PIERS AND IN STORAGE
SHEDS HAS ADDED TO PORT DIFFICULTIES, BUT MAY ALSO BE
EASING OWING IMPOSITION HIGHER DEMURRAGE RATES. KAR-
MAHOM CONFERENCE HAS POSTPONED INCREASE
OF PORT SURCHARGE TO 20 PERCENT FROM PRESENT 15 PERCENT UNTIL
DECEMBER 31 WHEN WILL AGAIN ASSESS SITUATION. U.S. CONFERENCE
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CONTINUES AT 20 PERCENT PORT SURCHARGE. END SUMMARY.

1. AT TIME OF SUBMISSION REFTEL SHIPOWNERS AND STEVEDORING FIRMS HAD PROFESSED HOPE THAT IMMINENT PASSAGE DOCK LABOR BOARD ORDINANCE WOULD BE SIGNIFICANT STEP TOWARD SETTING OF MEANINGFUL TONNAGE NORMS FOR DOCK

DBOR GANGS AND CONSEQUENT ESTABLISHMENT INCENTIVE/PENALTY WAGE SYSTEM TO BOOST LABOR PRODUCTIVITY. DLB ORDINANCE INDEED FINALLY RATIFIED NOVEMBER 3 BY GOP, (ONE YEAR AFTER FORMATION DCB ON NOVEMBER 3, 1972). FOLLOWING RATIFICATION SHIP OWNERS CLAIM SOME IMPROVEMENT IN DISCIPLINE PORT LABOR COMPARED WITH EARLIER CONDITIONS AND KPT CHAIRMAN ADMIRAL HASNAIN INFORMED CONGENOFF DLB HAD SUSPENDED OR REMOVED 600 RECALCITRANT WORKERS IN STEVEDORING COMPANIES, WHO HAVE CLOSE CONTACT WITH DOCK LABOR, HOWEVER, CLAIM IMPROVEMENT STILL MARGINAL AND WIDESPREAD AND COSTLY FEATHERBEDDING PRACTICES BY DOCK LABOR GANGS MUST BE ACCEPTED IN ORDER CONTINUE PORT OPERATIONS AT ANY LEVEL. TRIPARTITE KARACHI PORT TRUST LABOR-MANAGEMENT DOCK LABOR BOARD, EVEN WITH NEWLY ACQUIRED OFFICIAL STATUS, STILL SEEMS UNABLE REACH AGREEMENT ON ANY MEANINGFUL TONNAGE NORMS ON WHICH TO BASE NEW WAGE SYSTEM PROVIDING PENALTIES FOR UNDERPRODUCTION AND INCENTIVES FOR SUPERIOR WORK. DURING DLB MEETINGS LABOR LEADERS HAVE CLAIMED WORKERS TOTALLY UNWILLING ACCEPT NORMS BASED ON EARLIER HIGH TONNAGE LEVELS AND SHIP OWNERS/STEVEDORE FIRMS BELIEVE ACCEPTANCE TONNAGE NORMS BASED ON PRESENT LOW FIGURES WORSE THAN NO NORMS AT ALL.

2. DESPITE DESIRABILITY RAISING PORT EFFICIENCY GOP UNWILLING IMPOSE NORMS, PARTLY THROUGH CONCERN FOR UNFAVORABLE REACTION PATHAN LABORERS IN KARACHI WHO CONSTITUTE IMPORTANT SOURCE SUPPORT FOR SOME KEY PPP FIGURES. ADMIRAL HASNAIN ALSO STRESSES TOTAL DEPENDENCE PAKISTAN ON SINGLE PORT OF KARACHI AND CONSEQUENT NEED AVOID LABOR CONFRONTATIONS. ONE WELL-INFORMED SHIP-OWNER BELIEVES WILL BE BETTER TACTICS IN ANY EVENT POSTPONE ANY SHOWDOWN WITH DOCK LABOR TO TIME WHEN PORT CONGESTION WILL HAVE LESSENED, PERHAPS IN A FEW MONTHS. LIMITED OFFICIAL USE

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3. IN ADDITION TO LOW DOCK LABOR PRODUCTIVITY, BOTH SHIPOWNERS AND STEVEDORING FIRMS BELIEVE CONGESTION OF GOODS IN KARACHI PORT OVER PAST MONTHS HAS BEEN AN INCREASINGLY SERIOUS FACTOR IN WHOLE PORT TIE-UP. CARGO CONSIGNEES HAVE BEEN QUITE CONTENT LEAVE THEIR GOODS STORED IN PORT, SINCE PORT DEMURRAGE CHARGES LESS THAN CHARGES FOR STORAGE OUTSIDE PORT. UNCERTAIN INVESTMENT CLIMATE MAY HAVE

ALSO ACTED AS DISINCENTIVE FOR RAPID MOVEMENT OF CAPITAL GOODS OUT OF PORT AREA, AND SHORTAGE OF TRUCKS AND RAIL CARS FOR TRANSPORT UP-COUNTRY HAS ADDED TO CONGESTION. DLB HAS NOW WORKED OUT FORMULA FOR SHARP INCREASE IN DEMURRAGE CHARGES WHICH WILL MAKE DELAY IN CLEARANCE OF GOODS FROM PORT LESS ACCEPTABLE THAN AT PRESENT. HASNAIN ALSO TRYING EFFECT CHANGE IN PRESENT ARCHAIC KARACHI MUNICIPAL OCTROI LEVY WHICH IMPOSED ON ALL GOODS MOVED OUTSIDE PORT AND WHICH THEN REMAIN WITHIN KARACHI LIMITS MORE THAN EIGHT HOURS, EVEN THOUGH ACTUALLY DESTINED FOR PROVINCES.

4. CURRENT PORT SITUATION: AS OF DECEMBER 17 ONLY 15 SHIPS REPORTEDLY WAITING OFF KARACHI PORT WHILE ANOTHER FOUR HAD ARRIVED, REGISTERED AND GONE OFF TO NEIGHBORING PORTS FOR UNLOADING TO RETURN AT LATER DATE. AVERAGE WAITING TIME NOW ABOUT A WEEK, COMPARED WITH 26 DAYS A FEW WEEKS AGO. LATEST NEWSPAPER REPORTS, PROBABLY INSPIRED BY KPT, IN ORDER CONVINCING SHIPPING CONFERENCES PUT ASIDE ANY INCREASE IN KARACHI PORT SURCHARGE, ALLEGE "VERY SIGNIFICANT IMPROVEMENT IN THE PORT CONDITIONS." REPORTS MAY BE OVERSTATING CASE SINCE BASIC PORT LABOR PROBLEMS STILL FAR FROM SOLVED. AT LEAST ONE SOURCE BELIEVES PART OF IMPROVEMENT IS DUE TO AVOIDANCE OF KARACHI BY SHIPS WHICH NOT COMPELLED STOP HERE. CONGEN WILL CONTINUE WATCH SITUATION OVER COMING WEEKS.
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